



THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

6 April 2006

The GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) criticises the following parties for breaching the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”):

- 1. Argos Enterprise (Holdings) Limited (the “Company” and, together with its subsidiaries, the “Group”);**
- 2. Mr Wong Wah Sang, an executive director of the Company (“Mr WS Wong”);**
- 3. Mr Wong Man Chiu Ronnie, an executive director of the Company (“Mr MC Wong”); and**
- 4. Mr Yeung Wai Hung, an executive director of the Company (“Mr Yeung”).**

The Discloseable Transaction

On 18 August 2004, Argos Enterprise Management Consultant (Nanjing) Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with the Xuzhou Tourism Bureau to acquire all the assets and liabilities of Xuzhou China International Travel Service, a state-owned enterprise (the “Acquisition”). Consideration for the Acquisition was RMB1.7 million (approximately HK\$1.6 million). The Acquisition constituted a discloseable transaction.

Rule 19.34 of the GEM Listing Rules requires, listed issuers to inform the Exchange and send to the Exchange a draft announcement about discloseable transactions as soon as possible after their terms have been finalised.

The Company did not inform the Exchange about the Acquisition until 24 February 2005 and the announcement disclosing the Acquisition was not published until 8 April 2005.

The Inaccurate Announcements

On 30 September 2004 and 15 November 2004, there were unusual price movements in the trading of the Company’s shares.

In both occasions, the Company issued announcements as required by Rule 17.11 of the GEM Listing Rules.

Both announcements did not refer to the agreement entered into on 18 August 2004 in relation to the Acquisition, but contained confirmations from the Board that there were no negotiations or agreements relating to intended acquisitions discloseable pursuant to Chapters 19 and 20 of the GEM Listing Rules.

Rule 17.11 of the GEM Listing Rules requires that, if directors of a listed issuer are aware of any matter that might have relevance to the price and/or volume movements in the trading of the issuer's shares, an announcement clarifying the situation should be published.

Rule 17.56(2) of the GEM Listing Rules further requires that, all announcements must be prepared on the principle that information contained therein is accurate and complete in all material respects and must not be misleading or deceptive.

Information and confirmation contained in the announcements on 30 September 2004 and 15 November 2004 was inaccurate and incomplete by reason of the failure to disclose details of the Acquisition.

Mr WS Wong, Mr MC Wong and Mr Yeung

Each of Mr WS Wong, Mr MC Wong and Mr Yeung had given an Undertaking to the Exchange to use their best endeavours to procure the Company's compliance of the GEM Listing Rules.

Each of Mr WS Wong, Mr MC Wong and Mr Yeung was an Executive Director of the Company at the material time and at present. Mr WS Wong was also the Chairman of the Company. Mr Yeung was the Compliance Officer of the Company with effect from 6 September 2004.

Each of them had failed to use their best endeavours to procure the Company's compliance with the GEM Listing Rules in that they had not taken steps to ensure that the Company's compliance officers were suitably experienced and qualified for the role, but had nonetheless completely relied on them in procuring the Company's compliance with the GEM Listing Rules.

As a consequence of a settlement,

(a) the Company admitted that it had breached:-

- GEM Listing Rule 19.34 in respect of the delayed disclosure of the Acquisition;
- GEM Listing Rules 17.11 and 17.56(2) in respect of the incomplete disclosure and inaccurate confirmation in the announcement dated 30 September 2004; and
- GEM Listing Rules 17.11 and 17.56(2) in respect of the incomplete disclosure and inaccurate confirmation in the announcement dated 15 November 2004.

- (b) each of Mr WS Wong, Mr MC Wong and Mr Yeung admitted that they had breached their Undertaking to the Exchange in failing to use their best endeavours to procure the Company's compliance with GEM Listing Rules 19.34, 17.11 and 17.56(2) abovementioned.

Accordingly, the Exchange hereby publicly criticises:-

- (a) the Company for breaching GEM Listing Rules 19.34, 17.11 and 17.56(2);
- (b) each of Mr WS Wong, Mr MC Wong and Mr Yeung for breaching their Undertakings to the Exchange.

Richard Williams, Head of Listing, said: "A fundamental principle underlying listed issuers' announcements and other disclosures made under the GEM Listing Rules is that they must be timely, accurate and complete. In this case the Company and its relevant Directors repeatedly failed to observe this principle in respect of a notifiable transaction as well as in their response to enquiries from the Division concerning unusual trading movements. Such negligent conduct is prejudicial to the interest of the shareholders and the investing public and warrants nothing short of a public sanction."